

The Virgin Islands Consortium

AECOM Has Hard Time Justifying \$370 Million Cost For Home Repair Program During Senate Hearing

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Senator Kurt Violet on Tuesday again showed why he was chair of the Committee on Finance during the 32nd Legislature. With AECOM, the prime contractor chosen by the Mapp administration through competitive bidding, telling lawmakers that cost so far for work on the Emergency Home Repairs Program totaled \$370 million, Mr. Violet sought to get justification on the stated cost.

Randall K. Taylor, senior vice president and chief operating officer of AECOM's southeast region, told Mr. Violet that 6,300 homes in total were repaired. These homes include both temporary and permanent fixes, with Mr. Taylor clarifying that 700 homes were part of the permanent repairs, while the remaining 5,800 were part of the temporary repairs

program.

Mr. Vialet divided the \$370 million by 6,300, and found \$58,730 to be the average cost for repairs on each of the 6,300 homes. "But more than 80 percent of the homes qualified for not more than \$25,000," Mr. Vialet pointed out. Mr. Taylor said the additional funds were to cover administration of the construction, including call centers and inspections.

Mr. Vialet did not relent. He noted that 5,800 homes at \$25,000 equated to \$145 million. "So then you're saying that there was a next \$225 million that has been utilized for 700 homes that exceeded \$25,000. So there has to be a tremendous amount of overhead included in that," Mr. Vialet pointed out. AECOM did not respond.

Furthermore, the senator reminded, not all of the 5,800 homes cost \$25,000, as a good number those homes only needed minimal repairs. "Some homes needed a water heater; they needed a small fridge; some needed small stove -- they did not receive \$25,000... Even if I used the maximum number of \$25,000 at 5,800 homes, you get to \$145 million, and [let's just] put in for that \$145 million you had \$50 million in administrative costs, that's \$195 million. You still have another \$180 million for 700 homes that you had permanent repairs, so I'm trying to equate exactly how are we spending the money. And the second phase of work has not even started," Mr. Vialet said. Virgin Islands Housing Finance Authority Executive Director, Darryl Griffith, said V.I.H.F.A. would seek other contractors for said phase.

Mr. Vialet asked whether there was a way to quantify AECOM's charge for the work, to which Witt O'Brien, the government's consultant, responded that an extensive review process has been in place.

"The easy part is the hard construction cost part..." said Brad Gair, senior managing director for Witt O'Brien and principle executive for USVI Support Project. Before he could continue, however, Mr. Vialet rephrased his question to ask Mr. Gair whether Witt O'Brien was satisfied with the cost and work performed by AECOM. "Are you satisfied, as an entity employed by the Government of the Virgin Islands to make sure that the monies are spent the way they're supposed to, are you satisfied that we're getting what we paid for?"

"Our job is to make sure that whatever contractors are paid is fully reimbursable by FEMA," Mr. Gair responded. Unsatisfied by the response, Mr. Vialet again pressed Mr. Gair to state on the record whether Witt O'Brien was satisfied with the work for the funds being paid. "I cannot be satisfied until we review all the cost for all the invoices, senator," Mr. Gair said.

Mr. Vialet pressed further: "Are you satisfied thus far, for those invoices that were approved?" Mr. Gair finally said yes.

Senator Allison DeGazon, building on Mr. Vialet's line of questioning, requested that AECOM provide details on how much of the funds that it receives go directly towards the recovery, which would include payments to contractors, and how much goes to AECOM. "Because again in my travels, one of the things that we found is that we get the aid, we get the funding, but most of the money does not go where it's intended. So then when the question is asked of Witt O'Brien, are you satisfied, the answer is yes. But how can you

be satisfied when the money is not flowing the way it is supposed to flow? How can we be satisfied? You're not the ones that are stopped in the street; we can't even go to the grocery store because of all the issues."

AECOM said of the \$370 million it's billed for work performed, it has received \$169 million. The company still hasn't billed another seventy to eighty million dollars for additional work, according to Mr. Taylor.

Ms. DeGazon like other lawmakers was also unsatisfied with answers given relative to the slow approval process for funding to be released. "I feel as though more is going on, or something is being covered up, or we're not being told everything as far as why these project worksheets are not moving quick enough; why we're not getting the money pushed down to the tiers of our vendors, our local people; why we had so many horror stories with the STEP program, and then we say it's a success."

Mr. Gair said development of worksheets is a multi-step process. "Ultimately it comes down to FEMA to put it into their grants management system. Until they do so, it cannot start to make its way up to the headquarters," Mr. Gair said of the worksheets. "This is a long process. We work day in and day out with V.I.H.F.A., with VITEMA, contractors, to get FEMA the information they need to have."

Senator and Finance Committee Chair Donna Frett-Gregory highlighted that a certain contractor billed AECOM more than \$16 million, however, to date only \$162,000 was cleared by Witt O'Brien. Mr. Taylor said the contractor was new to the program and had some issues with its invoices that were being worked on as of Tuesday. AECOM did advance the company \$3 million, Mr. Taylor made known. Even so, Mrs. Frett-Gregory was visibly troubled by the length of time it has taken to pay the contractor.

"We work with our contractors to ensure that payments are being made appropriately," Mr. Taylor said. "We've had meetings with the Department of Labor, we've also had meetings with V.I.H.F.A. and our contractors about that subject and we've also recently setup a payment number for anyone who hasn't received payments to call that number." Mr. Taylor was responding to a question posed by Senator Marvin Blyden relative to steps AECOM was taking to streamline the payments process.

"This is a clear example of what happens when the executive branch attempts to work in a vacuum," said Senator Alicia Barnes. "There has to be collaboration and input from the Legislature as a coequal branch of government."

Feature Image: Randall K. Taylor, senior vice president and chief operating officer, responds to questions from lawmakers on Tuesday. (Credit: VI Legislature)